

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ADJUSTMENT OF THE PIPE REPLACEMENT)	CASE NO.
PROGRAM RIDER OF DELTA NATURAL GAS)	2014-00072
COMPANY, INC.)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO DELTA NATURAL GAS COMPANY, INC.

Delta Natural Gas Company, Inc. ("Delta"), pursuant to 807 KAR 5:001, is to file with the Commission the original and nine copies of the following information, with a copy to all parties of record. The information requested herein is due no later than ten days from the date of this Order. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Delta shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Delta fails or

.refuses to furnish all or part of the requested information, Delta shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Refer to Schedule I of Delta's Pipe Replacement Program ("PRP") filing.
 - a. Explain whether Delta's billings based on number of customers from Case No. 2010-00116¹ could be causing it to under-collect its ongoing PRP investment.
 - b. Provide Delta's number of customers, by class, for the Residential, Small Non-Residential, Large Non-Residential, and Interruptible classes for the years 2010 through 2013.

2. Refer to Schedule III of Delta's PRP filing. On line 2, the decrease in operating expense for 2011 is calculated as the difference between the actual 2011 expense and the 2010-00116 Calendar 2009 Test Year Expense (\$76,450 – \$62,961). Explain why Delta calculated the decrease in operating expense for 2013 as the difference between the actual 2013 expense and the actual 2012 expense (\$79,664 – \$57,467).

3. Refer to Schedule III. Confirm that the last year under the heading "Increased property tax expense" should be shown as 2013 rather than 2012.

¹ Case No. 2010-00116, Application of Delta Natural Gas Company, Inc. for an Adjustment of Rates (Ky. PSC Oct. 21, 2010).

4. Refer to the page titled "Cost of Removal and Replacement Projects for 2013." For each of the items shown, provide a breakdown of the total cost showing separately the cost of materials, the cost of labor, and any other non-material items.

5. Refer to the page titled "Cost of Removal and Replacement Projects for 2013," Plant Account 376, Distribution Mains. Confirm that there was no installed footage for three-inch steel pipe in 2013 and that there was no installed footage for eight-inch steel pipe in 2013. Explain the \$2,558 total cost listed for three-inch steel pipe and the \$7,824 total cost listed for eight-inch steel pipe.

6. Refer to the page titled "Cost of Removal and Replacement Projects for 2013," Cost of Removal (A), which states: "Represents cost of removal incurred. No pipe installed."

(a) Describe how Delta's total cost of \$768,907 for removal was calculated.

(b) Does Delta track the footage of pipe removed by size and type of pipe? If so, provide a breakdown of each.

(c) Is the cost of removal determined by the size and type of pipe removed? If so, provide a breakdown of each.

(d) If the cost of removal is not determined by the size and type of pipe, describe what factors do contribute to the total cost for removal.


7. Refer to the page titled "Cost of Removal and Replacement Projects for 2013," Plant Account 380, Services (B), which states: "Represents replacement of a service line. Delta does not track the footage of each individual service line."

(a) Describe how Delta's total cost of \$520,370 for replacement of service lines was calculated.

(b) Was the pipe size and type installed the same for all service lines replaced in 2013? If yes, what was the pipe size and type installed? What was the total footage of all service lines replaced in 2013?

(c) If the pipe size and type installed was not the same for all service lines replaced in 2013, describe the pipe sizes and types installed and the total footage for each. Was the cost of replacement the same for each pipe size and type? If not, describe the cost for each.

8. Identify generally the locations of the major main replacements that occurred in 2013 and describe how those specific projects were selected and prioritized.


Jeff Derouen
Executive Director
Public Service Commission
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DATED APR 03 2014

cc: Parties of Record

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